

EXHIBIT 1

INTRODUCTION

Respondent Allen Chan is a chiropractor, and the owner of the Chan Chiropractic Center in San Diego. Respondent Chan is also a co-owner of the Jasmine Seafood Restaurant in San Diego. Dan Hom was an unsuccessful candidate for the Chula Vista City Council, located in San Diego County, in the March 2, 2004 primary election. At all relevant times, the Friends of Dan Hom was the controlled committee of Dan Hom.

In this matter, Respondent Chan made nine contributions, totaling \$2,250, to the Friends of Dan Hom committee on September 26, 2003, in names other than his own name, in violation of Government Code section 84301 of the Political Reform Act (the "Act").¹ These violations denied the public of information regarding the true source of candidate Hom's financial support.

For the purposes of this stipulation, Respondent's violations of the Act are stated as follows:

COUNT 1: On or about September 26, 2003, Respondent Allen Chan made a \$250 contribution to the Friends of Dan Hom committee, in the name of Jun Feng Deng rather than his own name, in violation of section 84301 of the Government Code.

COUNT 2: On or about September 26, 2003, Respondent Allen Chan made a \$250 contribution to the Friends of Dan Hom committee, in the name of Bao Xiu Zhang rather than his own name, in violation of section 84301 of the Government Code.

COUNT 3: On or about September 26, 2003, Respondent Allen Chan made a \$250 contribution to the Friends of Dan Hom committee, in the name of Joseph L. Lui rather than his own name, in violation of section 84301 of the Government Code.

COUNT 4: On or about September 26, 2003, Respondent Allen Chan made a \$250 contribution to the Friends of Dan Hom committee, in the name of Weiping "Mimi" Tan rather than his own name, in violation of section 84301 of the Government Code.

COUNT 5: On or about September 26, 2003, Respondent Allen Chan made a \$250 contribution to the Friends of Dan Hom committee, in the name of Xu Yin Tan rather than his own name, in violation of section 84301 of the Government Code.

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2, California Code of Regulations. All regulatory references are to title 2, division 6, of the California Code of Regulations, unless otherwise indicated.

COUNT 6: On or about September 26, 2003, Respondent Allen Chan made a \$250 contribution to the Friends of Dan Hom committee, in the name of Rui Ping Wei rather than his own name, in violation of section 84301 of the Government Code.

COUNT 7: On or about September 26, 2003, Respondent Allen Chan made a \$250 contribution to the Friends of Dan Hom committee, in the name of Junyang Zhu rather than his own name, in violation of section 84301 of the Government Code.

COUNT 8: On or about September 26, 2003, Respondent Allen Chan made a \$250 contribution to the Friends of Dan Hom committee, in the name of Shuet Kau Wong rather than his own name, in violation of section 84301 of the Government Code.

COUNT 9: On or about September 26, 2003, Respondent Allen Chan made a \$250 contribution to the Friends of Dan Hom committee, in the name of Pak See Wong rather than his own name, in violation of section 84301 of the Government Code.

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that receipts and expenditures in election campaigns are fully and truthfully disclosed, so that voters may be fully informed, and improper practices may be inhibited. The Act therefore provides for the full disclosure of receipts and expenditures in election campaigns through the periodic filing of campaign statements, as provided in sections 84200 through 84211.

In order to obtain disclosure of the true source of a contribution, section 84301 provides that no contribution shall be made, directly or indirectly, by any person in a name other than the name by which that person is identified for legal purposes.

SUMMARY OF THE FACTS

Respondent Allen Chan, a licensed chiropractor, is the owner of the Chan Chiropractic Center in San Diego. Respondent Chan is also a co-owner of the Jasmine Seafood Restaurant in San Diego. Dan Hom was an unsuccessful candidate for the Chula Vista City Council, located in San Diego County, in the March 2, 2004 primary election. Mr. Hom was appointed to the Chula Vista Planning Commission in 2002, and currently still serves on the commission. At all relevant times, the Friends of Dan Hom was the controlled committee of Dan Hom.

COUNTS 1-9
Making a Contribution in a Name Other Than One's Own Name

Respondent Chan made nine contributions, totaling \$2,250, to the Friends of Dan Hom committee on September 26, 2003, in names other than his own name, in violation of section 84301. Respondent made the contributions by giving cash to individuals who were employees of his restaurant, or the spouse of an employee, who had made a contribution to the Friends of Dan Hom committee. The cash was a reimbursement to the employees, and some of their spouses, for the contribution. Respondent Chan did not inform the Dan Hom campaign that he was the true source of these nine contributions.

At the time of the violations, a Chula Vista city ordinance imposed a \$250 limit on campaign contributions made to candidates for elected office, and prohibited contributions from corporations or businesses. As such, Respondent Chan was prohibited from individually giving more than a \$250 contribution to the Friends of Dan Hom committee in an election, and his businesses were prohibited from making any contributions. Respondent Chan made a \$250 campaign contribution to the Hom campaign in his own name on or about September 26, 2003.

The nine contributions that were made by Respondent Chan to the Friends of Dan Hom committee, in the names of persons who were either employed by the Jasmine Seafood Restaurant, or were the spouse of an employee, are as follows:

Count	Receipt Date of Contribution	Person Reported as Contributor	Relationship to Allen Chan	Amount
1	09/26/03	Jun Feng Deng	Employee	\$250
2	09/26/03	Bao Zhang	Spouse of employee	\$250
3	09/26/03	Joseph L. Lui	Employee	\$250
4	09/26/03	Weiping Tan	Employee	\$250
5	09/26/03	Xu Yin Tan	Employee	\$250
6	09/26/03	Rui Wei	Employee	\$250
7	09/26/03	Junyang Zhu	Spouse of employee	\$250
8	09/26/03	Shuet Wong	Employee	\$250
9	09/26/03	Pak Wong	Spouse of employee	\$250
Total				\$2,250

By making the nine contributions as stated above, Respondent Allen Chan committed nine violations of section 84301.

CONCLUSION

This matter consists of nine violations of section 84301, which carries a maximum administrative penalty of Forty-Five Thousand Dollars (\$45,000).

Making campaign contributions in the name of another person denies the public of information about the true source of a candidate's financial support. This activity is commonly referred to as

“campaign contribution laundering.” The typical administrative penalty in this type of case has historically been at or near the maximum penalty per violation, depending on the circumstances of the violation. In aggravation, the reimbursements in this case were made in cash, making them harder to detect. In addition, the reimbursements circumvented the \$250 per person local contribution limit applicable to Chula Vista city elections.

However, Respondent Chan cooperated with the investigation, and candidly admitted that he reimbursed several of his restaurant employees for their contributions after they complained about the expense of making the contributions. Furthermore, the total amount of reimbursed contributions was relatively small.

Based on the facts and circumstances of this case, an administrative penalty in the amount of Thirty Six Thousand Dollars (\$36,000) is justified.